

1965
THIRTY - EIGHTH
**ANNUAL
REPORT**

===== **HARDING**  **CARPETS** =====
LIMITED

HARDING CARPETS LIMITED

**Annual Report for the year
ended October 31, 1965**

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The Annual Meeting of Shareholders will be held on January 27, 1966
at 11:00 a.m. at the Head Office of the Company.

JAN 18 1966



COMPARATIVE HIGHLIGHTS

	Years Ended October 31	
	<u>1965</u>	<u>1964</u>
Sales	\$19,349,860	
Net income	\$ 1,677,524	\$ 1,295,375
Earnings per share		
Common and Class A	\$ 2.16	\$ 1.65
Dividends paid per share		
Common	\$ 0.65	\$ 0.46
Class A	\$ 0.65	\$ 0.38
Shareholders' equity per share		
Common and Class A	\$ 8.76	\$ 7.19
Capital expenditures	\$ 1,402,429	\$ 856,000
Depreciation taken	\$ 425,767	\$ 334,625
Working capital	\$ 7,186,656	\$ 6,964,345
Ratio of current assets to current liabilities	3.2 to 1	4.4 to 1
Salaries, wages and employee benefits	\$ 3,708,389	\$ 3,157,485
Number of employees	855	686
Number of shareholders	2,090	1,557

DIRECTORS AND OFFICERS

DIRECTORS

CHARLES V. BANKS, Brantford
Vice-President (retired), Harding Carpets Limited

FRANCOIS E. CLEYN, Huntingdon, P.Q.
President, Cleyn & Tinker, Ltd.
Director, The Halifax Insurance Company

C. GORDON COCKSHUTT, Brantford
President, Cockshutt Securities Limited
Director, Canadian Imperial Bank of Commerce

ALBERT DAVIDSON, C.A., Brantford
Executive Vice-President, Harding Carpets Limited

C. MALIM HARDING, O.B.E., Brantford
President, Harding Carpets Limited
Director, The Toronto-Dominion Bank

FRANK D. LACE, D.S.O., O.B.E., Toronto
President, Matthews & Company Limited
Director, The Overland Express Limited

HUGH J. McLAUGHLIN, Q.C., Toronto
Partner, McLaughlin, May, Soward, Morden & Bales
Chairman of the Board, Victoria & Grey Trust Company

WILLIAM H. YOUNG, Hamilton
President, The Hamilton Cotton Company Limited
Director, Cosmos Imperial Mills Ltd.

OFFICERS

C. MALIM HARDING
President

ALBERT DAVIDSON
Executive Vice-President

HUGH J. McLAUGHLIN
Vice-President

ERNEST C. CARTER
Vice-President, Marketing

FRANKLIN T. HOARE
Secretary-Treasurer

Head Office Brantford, Ontario
Stock Exchange Listings Montreal Stock Exchange
Toronto Stock Exchange
Transfer Agent and Registrar Montreal Trust Company
Toronto and Montreal
Bankers The Royal Bank of Canada
Shareholders' Auditors Price Waterhouse & Co.



PRESIDENT'S REPORT

To the Shareholders of
HARDING CARPETS LIMITED

GENERAL OPERATIONS

Consolidated sales for the fiscal year ended October 31, 1965 reached an all time high of \$19,349,860. Sales of L & G Floor Coverings Limited for six months ended October 31, 1965 are included to the extent of the mark-up on the resale of Harding products and the gross sales of hard surface floor covering and other products.

Consolidated net income of \$1,677,524 represents an increase of approximately 30% over the previous year. Net earnings per common and Class A share of \$2.16 is up from \$1.65 in 1964.

The operations during 1965 are not fully comparable with the previous year due to the purchase during 1965 of L & G Floor Coverings Limited which distributes the Company's products in the Province of Ontario. However, the yardage of carpet shipped from the Company's mills increased by 26% to continue the high rate of growth for the fourth consecutive year.

Dividends paid for the year on both the common and Class A shares amounted to 65¢ per share. For the second half of the year the dividend rate was increased from 15¢ to 17½¢ quarterly.

A dividend of 20¢ per share on the common and Class A stock was declared payable January 1, 1966.

FINANCIAL

At October 31, 1965, working capital amounted to \$7,186,656 to show an increase of \$222,311 for the year. The Statement of Source and Use of Funds on page 11 gives the main details affecting working capital.

Studying this and also the balance sheet with particular reference to inventories and receivables, it should be remembered that the figures reflect the addition of L & G Floor Coverings Limited.

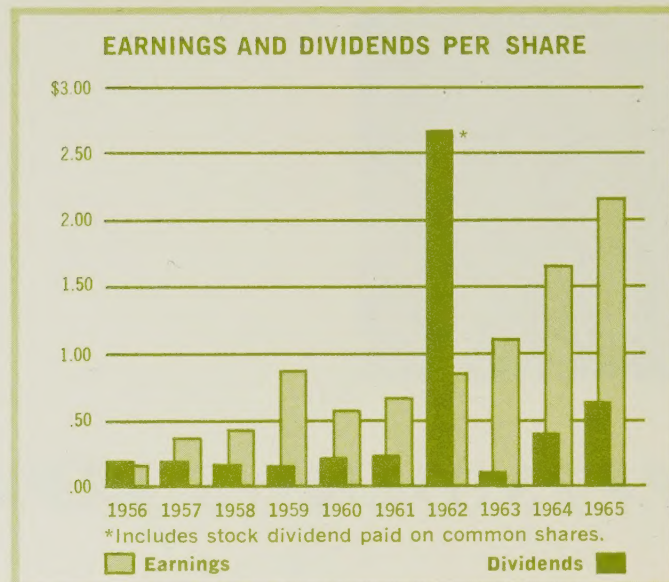
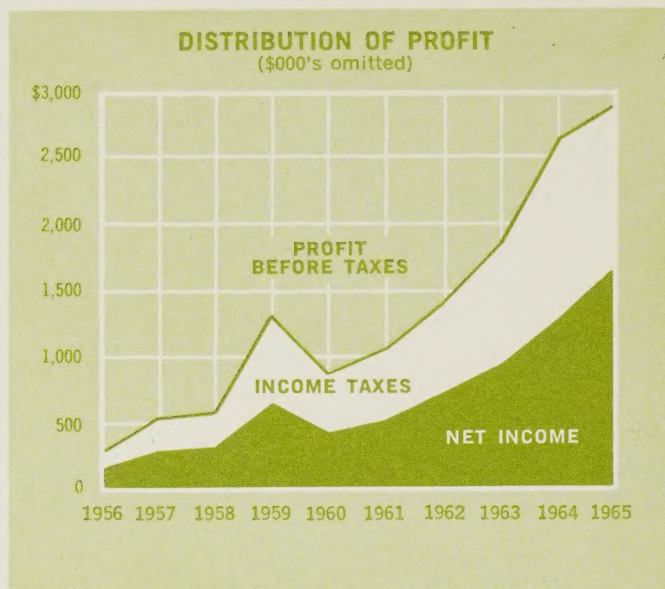
Although we are embarking on a further expansion program involving larger capital expenditures, forecasts show that we should not require outside financing for the near future.

SUBSIDIARY COMPANIES

As reported last year, a wholly-owned subsidiary company, Harding Brantford Limited was formed in 1964 to carry out certain expansion projects which entitled the company to qualify for benefits under the designated area legislation. These operations started in the latter part of 1964 and have grown considerably during 1965. Under the benefits of the designated area legislation, income tax is not payable on the operations of Harding Brantford Limited until after August 1, 1967.

The automotive carpet operation (referred to later on) will be part of the operations of Harding Brantford Limited. Due to the relatively short time the automotive carpet plant will be operating at an adequate volume level before August 1, 1967, the income tax benefit under the designated area legislation will be somewhat limited for this particular project.

Shareholders were advised recently of the purchase of all the outstanding stock of L & G Floor Coverings Limited. The operations of this wholly-owned subsidiary have been consolidated with those of the parent company. L & G Floor Coverings Limited have for some years operated as exclusive distributor for our carpeting in the Province of Ontario. The company will continue to distribute hard surface floor coverings and



carpet accessories as in the past. L & G Floor Coverings Limited will retain its identity and operate under its own management as a subsidiary company.

The purchase of L & G Floor Coverings Limited should not be construed as a change in the Company's policy of distributing its products through exclusive distributors.

ASSOCIATED COMPANY

The operations of Newlands-Harding Yarns Limited, in which we hold a minority interest, continued on a satisfactory basis throughout 1965. In view of this, no further write-off for this investment was considered necessary.

AUTOMOTIVE CARPET

The decision to enter the automotive carpet field was announced earlier in the year. This step was taken only after careful consideration and study of the market potential for automotive carpet and its effect on existing operations.

A separate plant, initially 30,000 square feet, is being erected in another location in the City of Brantford for the forming and moulding operation. The spinning of yarn, tufting and dyeing for automotive carpet will be carried out in present plants in Brantford and Guelph using to some degree existing equipment.

The expanding market for automobiles in Canada and the increased opportunity for export to the United States as a result of the U.S.-Canada free trade auto agreement should make this pro-

ject a very logical and profitable extension of your Company's operation.

PLANT AND DEPRECIATION

Capital expenditures of \$1,402,429 are the highest in any one year of operations. Building additions in Guelph and Brantford totalled 49,000 square feet. Major additions to spinning equipment in Guelph were completed during the year. Other major items included additions to the tufting plant of tufting machines and piece dyeing equipment along with a start on the equipment for the automotive plant.

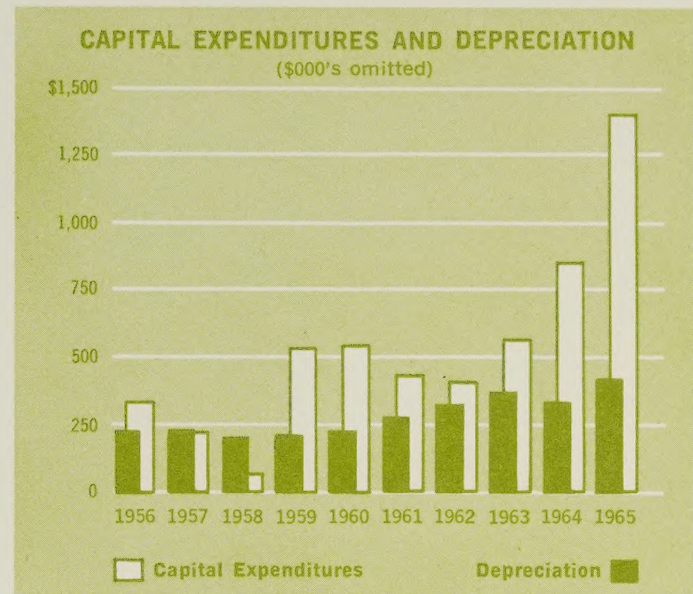
Capital expenditures for 1966 are expected to show another substantial increase over the past year. Additional buildings are required for manufacturing and warehousing along with more tufting machines and piece dyeing equipment. The major expenditures on the automotive plant will occur during 1966.

Further details regarding depreciation policy are given in notes to the financial statements.

SALES AND OUTLOOK

As reported earlier, sales for the past year increased to \$19,349,860. This represents a substantial increase over last year part of which is due to the inclusion for the first time of L & G sales for six months.

The demand for carpets increased at a growing pace throughout the past year. Although production has been increased, the year closed with a substantial backorder position and a much lower



than normal inventory of finished goods at the mill. Steps are being taken to accelerate the expansion of facilities to meet the demand.

This high level of demand being experienced by your company is a reflection of the buoyant business conditions existing in Canada today and to the growing market for carpeting in both residential and commercial fields. This point is illustrated in the accompanying chart which shows that in seven years from 1957 to 1964 the Canadian market increased by 124% and during the same period the consumption per household increased by 88%. The increase in consumption reflects the growing acceptance of carpeting for its functional as well as aesthetic values in the home, office, school, hospital and many other public spaces.

The chart for the Canadian market included in this report has been revised to exclude automotive carpet and the comparison of consumption with the United Kingdom and the United States has been converted to per household rather than per capita as in former years. While the consumption per household has been growing in Canada at a faster rate than either the United Kingdom or the United States, it still shows for 1964 a level of approximately 50% of that in the United States and 57% of that in the United Kingdom. This wide difference in consumption indicates a very large growth potential in the Canadian market.

New family formations are another major source of market potential. The Economic Coun-

cil of Canada has used a projection showing the average annual net family formation for the five year period 1966 to 1971 at a 50% higher rate than in the previous five year period.

The use of man-made fibres continues to grow both in volume and percentage of total fibres consumed. In our case, the main man-made fibres being used are Acrilan® and nylon. During the year, lower prices on some of these fibres have resulted in lower prices to consumers which represent better values than in the past. The better values and wider acceptance of man-made fibres has made and will continue to make a substantial contribution to the development of the Canadian market potential.

For many years we have maintained a program of advertising directed to the consumer. Expenditures for advertising and promotion have grown with the progress of the Company. It is noteworthy that during 1965, the volume of advertising by the industry increased dramatically. In addition, the advertising by retail outlets has now grown to a point where the market is being continually exposed to carpet which is a marked contrast from just a few years ago. This trend to greater advertising by the industry and the retail trade is most welcome and will play an important part in helping to reach the market potential.

In the export field, some progress has been made. During the past year, while the export volume has been small, it is encouraging. Much ground work has been covered and we expect to

CANADIAN MARKET

	Total sq. yds. (000's)*	% of total supplied by Canadian mills*	Consumption per Household (square yards)			Canadian Net Disposable Income Per Capita
			Canada	U.K.	U.S.A.	
1957	6,573	53	1.65	3.26	3.54	\$1,281
1958	7,305	64	1.78	3.45	3.71	1,340
1959	8,151	66	1.89	3.80	4.14	1,370
1960	8,964	73	2.03	3.92	4.19	1,402
1961	10,397	79	2.32	3.90	4.43	1,425
1962	10,764	84	2.34	4.07	5.01	1,513
1963	11,550	87	2.47	4.78	5.46	1,580
1964	14,750 (est.)	87	3.10	5.42	6.11	1,643
% increase 1964/1957	124%	64%	88%	66%	73%	28%

*Revised from last year's report to exclude automotive carpet.

see a growing volume destined for markets beyond our borders. It will probably be a slow process, but it could reach a worthwhile volume in a few years time.

As illustrated on page 16, the Product Development and Styling Departments have been enlarged to accommodate the additional staff required by our growing operations. Both the technical development and styling are most important to product leadership.

Improved productivity has been important in making possible the success of the Company. In the future, better values will continue to come through lower costs due to improved methods and improved materials. Along with the growing market, we have increased competition which has reduced profit margins per sales dollar. There is also the ever present pressure of increased cost of wages on these margins. All these factors are of concern to your Company.

For the future, we look forward to greater sales in both woven and tufted carpets and good initial sales in automotive carpet during the second half of 1966. At present, there is great pressure on our productive facilities to keep up with demand. It seems only reasonable that before long there should be a slackening of this demand in the normal economic cycle. We believe, however, that the overall long term demand for carpets justifies in every way acceleration of the expansion program.

EMPLOYEE RELATIONS

The work force continues to grow steadily. It now numbers 855 employees as compared to 686 a year ago. I am pleased to note there are 65 employees with service of 25 years or more.

During the year, three collective agreements were signed with Unions concerned. These agreements are lasting on an average of approximately two years.

We are proceeding with the integration of the Canada Pension Plan with the existing pension plan. There will be an increased cost to the company primarily because we will be making contributions under the Canada Pension Plan for all employees whereas under our own plan, there is a waiting period for new employees. At the same time, the addition of the Canada Pension Plan will result in improved benefits for both new and longer term employees.

Once again, it is a privilege to take this opportunity to express my gratitude and appreciation to all employees who have contributed so much to the very successful year.

Respectfully submitted,

Chas. Handing

December 14, 1965.

President



CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Years Ended October 31

	<u>1965</u>	<u>1964</u>
INCOME FROM OPERATIONS before the undernoted	\$3,588,674	\$3,178,903
LESS: Depreciation	425,767	334,625
Debenture interest	270,000	202,903
Directors' fees	6,583	6,000
Income taxes (Note 8)		
Payable currently	1,042,800	1,195,000
Estimated to be payable in future	166,000	145,000
	<u>\$1,911,150</u>	<u>\$1,883,528</u>
NET INCOME for the year	1,677,524	1,295,375
ADD: Retained earnings at beginning of year	4,212,183	3,250,941
	<u>\$5,889,707</u>	<u>\$4,546,316</u>
LESS: Dividends paid		
Preference (redeemed February 17, 1964)	—	20,589
Common (1965 — 65¢, 1964 — 46¢)	168,953	118,157
Class A (1965 — 65¢, 1964 — 38¢, commencing April 1, 1964) .	336,138	195,387
	<u>\$ 505,091</u>	<u>\$ 334,133</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$5,384,616</u>	<u>\$4,212,183</u>

Sales for the year ended October 31, 1965 were \$19,349,860.

HARDING CARPETS LIMITED

Assets

	Years Ended October 31	
	1965	1964
CURRENT		
Cash	\$ 30,877	\$ 68,086
Short term investments, at cost (Note 2)	599,181	1,096,800
Accounts receivable, less allowance for doubtful accounts of \$176,000 (1964 — \$50,000)	4,532,769	3,348,379
Inventories, valued at the lower of cost and market (Note 3)	5,014,643	4,471,652
Prepaid expenses	88,387	56,981
TOTAL CURRENT ASSETS	\$10,265,857	\$ 9,041,898
OTHER		
Investment in securities of associated company (Note 4)	126,663	126,964
Cash surrender value of life insurance policies	52,242	42,904
Deferred charges (Note 5)	114,806	88,409
	\$ 293,711	\$ 258,277
FIXED		
Land, buildings and equipment (Note 6)	8,525,360	7,112,458
Less: Accumulated depreciation	4,578,384	4,125,932
	\$ 3,946,976	\$ 2,986,526
Approved on behalf of the Board:		
C. Malim Harding, Director		
Hugh J. McLaughlin, Director		
	\$14,506,544	\$12,286,701

Auditors

TO THE SHAREHOLDERS OF HARDING CARPETS LIMITED:

We have examined the consolidated balance sheet of Harding Carpets Limited and subsidiary retained earnings for the year ended on that date. Our examination included a general supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement as at October 31, 1965 and the results of their operations for the year ended on that date are consistent with that of the preceding year.

Our examination also encompassed the consolidated statement of source and use of funds information shown therein.

Toronto, December 14, 1965



CONSOLIDATED BALANCE SHEET

Liabilities

	Years Ended October 31	
	1965	1964
CURRENT		
Accounts payable and accrued liabilities	\$ 2,666,217	\$ 1,380,133
Accrued income taxes	212,984	697,420
Sinking fund debentures maturing within one year	200,000	—
TOTAL CURRENT LIABILITIES	\$ 3,079,201	\$ 2,077,553
FUNDED DEBT (Note 7)		
6% Sinking fund debentures series A, maturing February 15, 1984	4,500,000	4,500,000
Less: Sinking fund debentures maturing within one year	200,000	—
	\$ 4,300,000	\$ 4,500,000
DEFERRED INCOME TAXES (Note 8)	311,000	145,000
SHAREHOLDERS' EQUITY		
Capital Stock		
Common shares without par value and non-voting Class A shares with a par value of \$1 each (Note 9)		
Authorized		
Common shares — 500,000 shares		
Class A shares — 1,000,000 shares		
Issued and outstanding		
Common shares — 259,925 shares }	1,431,727	1,351,965
Class A shares — 518,200 shares }		
Retained earnings	5,384,616	4,212,183
	\$ 6,816,343	\$ 5,564,148
	<u>\$14,506,544</u>	<u>\$12,286,701</u>

Report

companies as at October 31, 1965 and the consolidated statement of income and
w of the accounting procedures and such tests of accounting records and other

income and retained earnings present fairly the financial position of the companies
in accordance with generally accepted accounting principles applied on a basis

s for the year ended October 31, 1965, which in our opinion presents fairly the

PRICE WATERHOUSE & CO. *Chartered Accountants*

NOTES TO FINANCIAL STATEMENTS

Year Ended October 31, 1965

Note 1 — CONSOLIDATION

The consolidated financial statements include the accounts of Harding Brantford Limited and L & G Floor Coverings Limited, wholly-owned subsidiary companies. Harding Brantford Limited is entitled to certain special tax allowances under the designated areas legislation. The operations of L & G Floor Coverings Limited, which was acquired during the year, are included for the last six months of the fiscal year.

Note 2 — SHORT TERM INVESTMENTS

At October 31, 1965 the investments consisted of deposit receipts with chartered banks and Ontario Hydro notes.

Note 3 — INVENTORIES

Valuation at October 31, 1965 at the lower of cost and market is consistent with previous years. This item comprises the following:

Raw Materials	\$ 792,577
Goods in Process	1,885,800
Finished Goods	2,336,266
Total	<u>\$5,014,643</u>

Note 4 — ASSOCIATED COMPANY

This investment consists of shares and debentures in Newlands-Harding Yarns Limited in which your Company holds a minority interest. In previous years the total of \$180,000 was written off this investment.

Note 5 — DEFERRED CHARGES

This includes debenture issue expenses incurred in 1964 which are being amortized over the five year period 1964 to 1968, and additional past service pension costs expended in 1965 which are being amortized over the six year period 1965 to 1970.

Note 6 — LAND, BUILDINGS AND EQUIPMENT

Lands and buildings in Brantford, Canada are valued on the basis of depreciated replacement value in 1927, plus subsequent additions at cost; other fixed assets are valued at cost. Depreciation since 1963 has been based on straight line rates which will amortize the costs of the fixed assets over their estimated useful life.

Note 7 — FUNDED DEBT

The trust indenture on the \$4,500,000 twenty-year 6% sinking fund debentures requires payments of \$200,000 a year commencing in 1966 leaving a balance of \$900,000 due in 1984.

Note 8 — INCOME TAXES

Provision for income taxes of \$1,208,800 for 1965 includes an amount of \$166,000 which is not currently payable as a result of claiming for income tax purposes maximum capital cost allowances which are in excess of depreciation recorded in the accounts. The effective rate of income taxes payable is lower in 1965 due to the non-taxable profits of Harding Brantford Limited.

Note 9 — EMPLOYEES' STOCK OPTIONS

Pursuant to the employees' stock option plan approved by the shareholders in 1960, options on 1,450 Class A shares had not been granted at October 31, 1965. At the same date, options on 2,575 common shares and 5,300 Class A shares had been granted, but not exercised. Options for 1,300 common shares and 3,250 Class A shares were exercised during the year ended October 31, 1965 for a cash consideration of \$79,762. As this is the last year for the present plan, the directors have approved a new stock option plan to be submitted to the next annual meeting of the shareholders.

Note 10 — PENSION PLANS

In 1948, the Company introduced its Employees' Pension Plan and in 1960 added the Deferred Profit Sharing Plan. The Company contributes in total to both plans 10% of net profit after taxes and guarantees that its contribution to both pension plans will never be less than the employees' contributions. During the current year the Company has augmented the past service features for present and retired employees of its Employees' Pension Plan by contributing an additional \$119,337 during the year which is being amortized over six years commencing in 1965.

The Employees' Pension Plan is an insured contributory plan to which the employees have contributed 5% of their earnings with the Company making up the balance to provide a 1³/₄% benefit, for each year of service.

The Deferred Profit Sharing Plan is a trustee plan which is paid for completely by the Company and has to date been largely invested in the shares of Harding Carpets Limited.



CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

	Years Ended October 31	
	1965	1964
WORKING CAPITAL AT BEGINNING OF YEAR	\$6,964,345	\$3,488,351
SOURCE OF FUNDS		
Net income for the year	1,677,524	1,295,375
Charges not involving current disbursement of funds		
Depreciation	425,767	334,625
Deferred income taxes	166,000	145,000
Other non-cash items	103,887	16,674
Sale of sinking fund debentures	—	4,500,000
Issue of capital stock	79,762	89,843
Disposal of fixed assets	5,264	13,375
Repayment of advances by an associated company	—	110,500
	<u>\$2,458,204</u>	<u>\$6,505,392</u>
USE OF FUNDS		
Expenditures on fixed assets	1,402,429	856,000
Deposits on purchases of fixed assets	—	47,918
Dividends paid	505,091	334,133
Past service pension payment	119,337	—
Debentures maturing within one year	200,000	—
Debenture issue expenses	—	110,511
Serial debentures redeemed	—	740,000
Preference shares redeemed	—	938,525
Increase in other assets	9,036	2,311
	<u>\$2,235,893</u>	<u>\$3,029,398</u>
Working capital increase	<u>\$ 222,311</u>	<u>\$3,475,994</u>
WORKING CAPITAL AT END OF YEAR	<u>\$7,186,656</u>	<u>\$6,964,345</u>

10 YEAR SUMMARY OF FINANCIAL DATA

(000's omitted)

OPERATING RESULTS	1965	1964	1963
INCOME FROM OPERATIONS	\$3,589	\$3,179	\$2,335
Depreciation	426	335	375
Debenture interest	270	203	46
Amount written off investment	—	—	60
Profit before income taxes	2,886	2,635	1,849
Income taxes ^[1]	1,209	1,340	895
NET INCOME	\$1,677	\$1,295	\$ 954
Net earnings per common and Class A share ^[2]	\$ 2.16	\$ 1.65	\$ 1.12
Dividends paid ^[3]	\$ 505	\$ 334	\$ 183
Per preference share ^[4]	—	5 ³ / ₄ %	5 ³ / ₄ %
Per common and Class A share ^[2]	\$ 0.65	\$ 0.41	\$ 0.11
RETAINED EARNINGS FOR YEAR	\$1,172	\$ 961	\$ 771
CAPITAL EXPENDITURES	\$1,402	\$ 856	\$ 572
FINANCIAL POSITION			
Current assets	\$10,266	\$9,042	\$6,793
Current liabilities	3,079	2,078	3,305
WORKING CAPITAL	\$ 7,187	\$6,964	\$3,488
Inventories	5,015	4,472	3,732
Fixed assets (net)	3,947	2,987	2,425
Funded debt	4,300	4,500	740
SHAREHOLDERS' EQUITY	\$6,816	\$5,564	\$5,451
Equity per common and Class A share ^[2]	\$ 8.76	\$ 7.19	\$ 5.91
Return on common and Class A shareholders' equity	24.6%	22.9%	18.9%

^[1] Tax liability reduced in 1965 by benefits of designated area legislation.

^[2] Adjusted to reflect subdivision of each common share into one common and two Class A shares on March 16, 1964.

^[3] Includes stock dividend of \$1,893,750 paid on the common shares in 1962.

^[4] Preference shares redeemed February 17, 1964.



YEARS ENDED OCTOBER 31

1962	1961	1960	1959	1958	1957	1956
\$1,856	\$1,456	\$1,182	\$1,615	\$ 836	\$ 823	\$ 530
329	284	230	223	204	233	231
51	56	61	64	51	44	49
60	60	—	—	—	—	—
1,411	1,051	882	1,319	572	537	241
699	531	448	667	270	265	111
\$ 712	\$ 520	\$ 434	\$ 652	\$ 302	\$ 272	\$ 130
\$ 0.87	\$ 0.69	\$ 0.58	\$ 0.88	\$ 0.43	\$ 0.38	\$ 0.18
\$2,089	\$ 175	\$ 175	\$ 120	\$ 129	\$ 141	\$ 141
5 ³ / ₄ %	—	—	—	—	—	—
\$ 2.69	\$ 0.23	\$ 0.23	\$ 0.17	\$ 0.18	\$ 0.20	\$ 0.20
\$ 517	\$ 345	\$ 259	\$ 532	\$ 173	\$ 131	\$ (11)
\$ 411	\$ 440	\$ 550	\$ 541	\$ 62	\$ 230	\$ 341
\$5,470	\$4,825	\$4,596	\$5,276	\$4,994	\$5,224	\$4,318
1,617	\$1,040	977	1,307	1,012	1,949	1,071
\$3,853	\$3,785	\$3,619	\$3,969	\$3,982	\$3,275	\$3,247
3,170	2,921	2,852	2,745	2,750	3,680	3,564
2,233	2,153	2,003	1,685	1,483	1,639	1,657
860	980	1,100	1,220	1,340	960	1,080
\$5,601	\$5,390	\$5,045	\$4,771	\$4,154	\$3,979	\$3,848
\$ 4.90	\$ 7.19	\$ 6.73	\$ 6.42	\$ 5.90	\$ 5.65	\$ 5.47
17.7%	9.6%	8.6%	13.7%	7.3%	6.7%	3.3%



CARPET FOR ACADEMIC AREAS

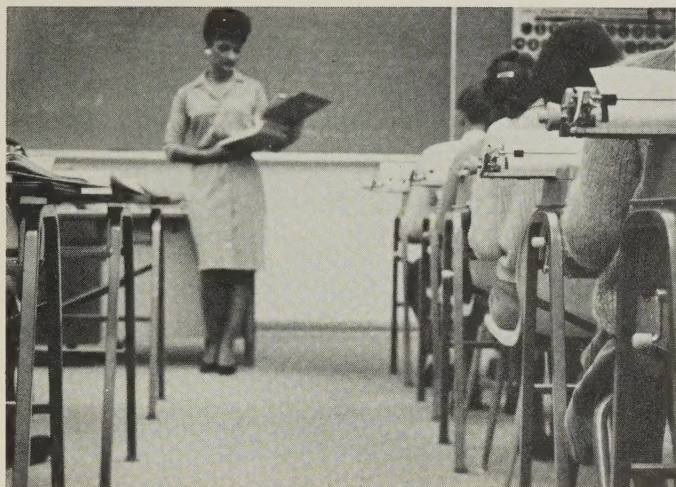
A huge new institutional market for carpet in Canada is on the verge of development. The market: academic areas, with the expected outcome carpeted schools and universities. The market is growing fast in the United States and a similar breakthrough is expected in Canada.

Hardings has taken the lead in removing the concept of carpet as an academic frill; carpet has been accepted for some time as a necessity for school libraries, and it is now moving into other academic areas.

Already important installations in Canadian schools have been made by Harding Carpets. At London, Ontario, our carpets have been installed in the A. B. Lucas Secondary School in places where noise control is most wanted — the library, typing rooms, music room, choral room and the seminar room. The Westminster Secondary School and the Clark Road Secondary School's new wing, both in London, and the John McGregor School, a junior high school, in Chatham, Ontario, have chosen carpet also with excellent results.

A Harding Carpets' representative recently visited Shaker High School at Newtonville, N.Y., where the American Carpet Institute several years ago underwrote a major experiment in school carpet.

In the high school, 25,000 square feet of commercial carpet was installed; an identical junior high school was given floor covering of asphalt



tile, so that valid comparisons and maintenance studies could be made.

Our representative found the carpet in the classrooms of Shaker High School was not visibly worn after eight years of use, even in areas of heavy traffic. The installation there has become a classic case history of carpet's benefits to academic institutions. Shaker was cited by THE NATIONS' SCHOOLS magazine as one of the ten best schools built in the U.S. in 1958, and was named as the best buy of the ten. At the time it was the only carpeted high school in the world.

Robert D. Schoales, architect for the Board of Education at London, Ontario, is an enthusiast for school carpet.

"It gives an air of grace and refinement to school rooms, and it pleases everyone — students, teachers, board members, taxpayers, and especially the schools' custodians," Mr. Schoales said when interviewed.

Mr. Schoales is deeply impressed by the maintenance savings resulting from the use of carpet as compared to hard floor coverings.

"We know what it costs to maintain mastic tile or vinyl asbestos tile," he said. "We know the man-hours to wash or dry-clean, and to wax and to polish these floors. We find a carpet takes about half the time to clean, and the total use-cost is half as much as for the tile." (Over a per-

iod of several years, Shaker High School has experienced the same labour and cost savings.)

Studies have shown that carpet in academic areas has the following advantages over hard floor coverings:

- Substantial maintenance savings.

- Better discipline and a more receptive atmosphere for learning.

- Improved acoustics, almost eliminating impact noise and absorbing airborne sounds.

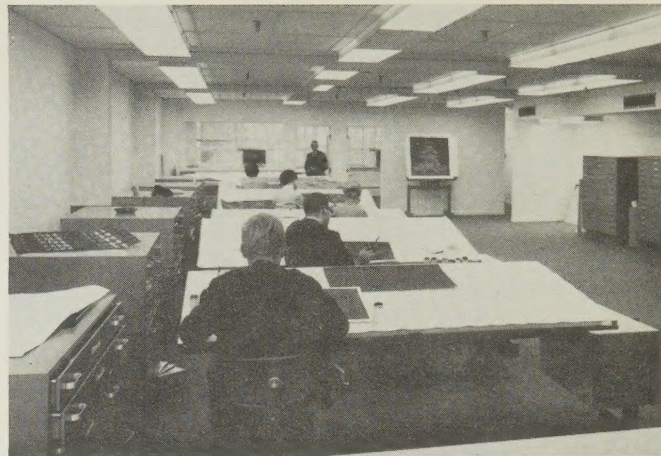
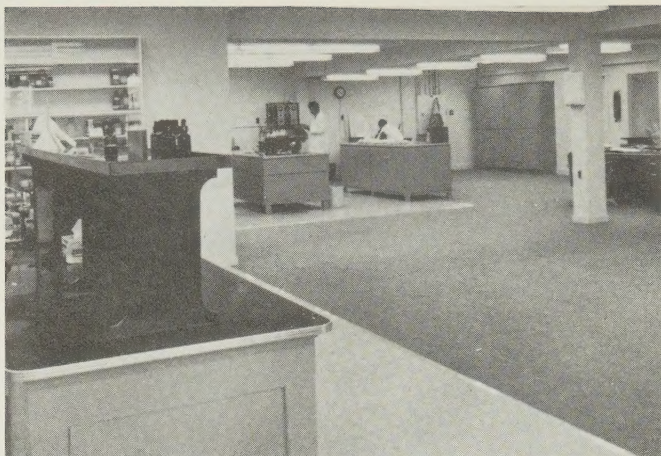
- Increased safety in preventing slips and falls, and reduced injury when falls occur.

- Reduced fatigue for teachers and maintenance people.

- Increased morale among students, teaching staff, and custodians.

In most Canadian universities, carpet is being accepted on a rapidly increasing scale. Installations have been made already at McGill, Toronto, Western, McMaster, Laurentian (in Sudbury) and others.

Carpet has become a logical choice for university residences also. With a predicted student enrollment of 100,000 by 1970 in Ontario alone, the universities offer a rapidly expanding and increasingly important sector of the institutional market, which Harding Carpets is admirably fitted to supply. Schools of nursing and nurses' residences increase our potential still further.



FINE CARPET BY DESIGN

Through Research and Development . . .

How good are Harding carpets? How good are their competitors? What kind of carpet should the Company be producing next year, the year after, five years from now?

These are the questions to which the development engineers and the laboratory staff of the Product Development Department must find answers. They study and research the technical aspects of future and present products.

In the laboratory, product development extends to the examination of fibres under microscopes, beaker-dyeing yarns in the pursuit of elusive new colours, and the use of complicated equipment to measure scientifically such basic carpet capacities as durability and light-fastness.

The working space of the Product Development Department was enlarged three-fold in a recent move to new quarters within the Brantford mill. There are five development engineers and five laboratory technicians, headed by a professional chemist. They maintain a day-to-day liaison with the design staff as well as with the marketing and sales executives. The Company's information on its own and competing products must be as complete as scientific methods can make it.

New and better products for the future are the surest means of maintaining the exciting growth that Harding Carpets has experienced. Already marketing the widest range of quality carpets in this country, the Company is aware that it must achieve constant improvements to maintain industry leadership. These will come, in a large measure, from the Product Development Department and the textile knowledge and skills of its development engineers, combined with the applied research of the laboratory technicians.

Through Product Design and Styling . . .

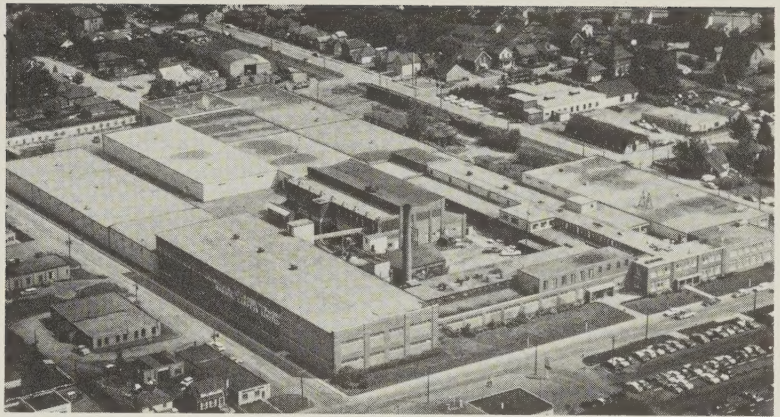
The accent on design and styling that is evident in Harding carpets is deliberate. No factor is likely to be more helpful to successful marketing than imagination and variety in the designs produced by a carpet manufacturer. For this reason Harding Carpets in recent months has doubled the functional area of its Design Studio, where eight carpet design artists produce and execute creative ideas in new and attractive surroundings. They form the largest carpet design staff in Canada.

Carpet design is a highly specialized art form. The artists must know textile weaves and textures, the capacity and limitations of manufacturing equipment, and they must be able to discuss the complexities with visiting architects and interior designers. They must, above all, understand the magic of colour.

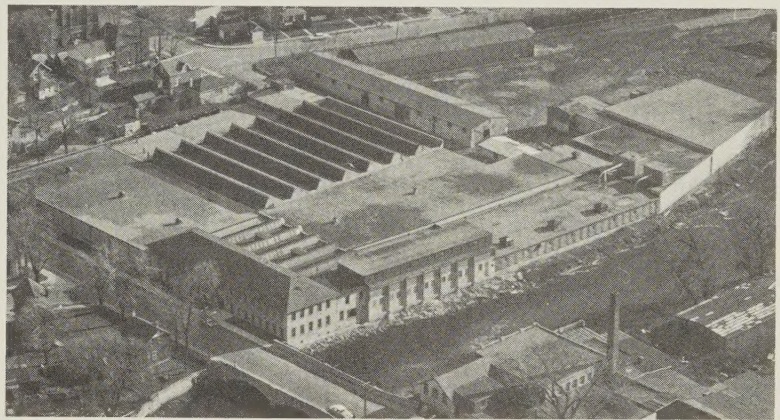
The range of patterns and textures with which the carpet design artist must deal at Brantford is virtually unlimited. A successful idea can emerge as a production reality for the market place in a matter of six to twelve months. Meanwhile the same artist may have tested and rejected scores of other concepts.

Some of the men and women who design carpet for Harding have already won international awards in their special field. Others will. They are the most truly creative members of the Company's production team.

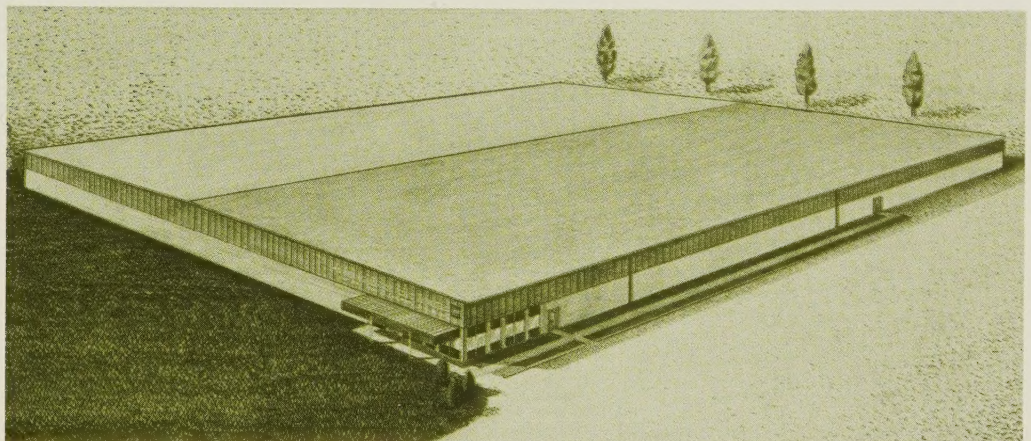
HEAD OFFICE AND
CARPET DIVISION
Brantford, Ontario



SPINNING DIVISION
Guelph, Ontario



AUTOMOTIVE CARPET
DIVISION (under construction)
Brantford, Ontario



HARDING CARPETS

LIMITED

MILLS

BRANTFORD
GUELPH

OFFICES AND
SHOWROOMS

HALIFAX
MONTREAL
TORONTO
BRANTFORD
WINNIPEG
VANCOUVER

